

110TH CONGRESS
1ST SESSION

H. R. 41

To repeal the prohibition on the payment of interest on demand deposits,
and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 2007

Ms. VELÁZQUEZ introduced the following bill; which was referred to the
Committee on Financial Services

A BILL

To repeal the prohibition on the payment of interest on
demand deposits, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “The Business Checking
5 Fairness Act of 2007”.

6 **SEC. 2. INTEREST-BEARING TRANSACTION ACCOUNTS AU-**
7 **THORIZED FOR ALL BUSINESSES.**

8 Section 2 of Public Law 93–100 (12 U.S.C. 1832)
9 is amended—

1 (1) by redesignating subsections (b) and (c) as
 2 subsections (c) and (d), respectively; and

3 (2) by inserting after subsection (a) the fol-
 4 lowing:

5 “(b) Notwithstanding any other provision of law, any
 6 depository institution may permit the owner of any deposit
 7 or account which is a deposit or account on which interest
 8 or dividends are paid and is not a deposit or account de-
 9 scribed in subsection (a)(2) to make up to 24 transfers
 10 per month (or such greater number as the Board of Gov-
 11 ernors of the Federal Reserve System may determine by
 12 rule or order), for any purpose, to another account of the
 13 owner in the same institution. An account offered pursu-
 14 ant to this subsection shall be considered a transaction
 15 account for purposes of section 19 of the Federal Reserve
 16 Act unless the Board of Governors of the Federal Reserve
 17 System determines otherwise.”.

18 **SEC. 3. INTEREST-BEARING TRANSACTION ACCOUNTS AU-**
 19 **THORIZED.**

20 (a) REPEAL OF PROHIBITION ON PAYMENT OF IN-
 21 TEREST ON DEMAND DEPOSITS.—

22 (1) FEDERAL RESERVE ACT.—Section 19(i) of
 23 the Federal Reserve Act (12 U.S.C. 371a) is amend-
 24 ed to read as follows:

25 “(i) [Repealed]”.

1 (2) HOME OWNERS’ LOAN ACT.—The first sen-
 2 tence of section 5(b)(1)(B) of the Home Owners’
 3 Loan Act (12 U.S.C. 1464(b)(1)(B)) is amended by
 4 striking “savings association may not—” and all
 5 that follows through “(ii) permit any” and inserting
 6 “savings association may not permit any”.

7 (3) FEDERAL DEPOSIT INSURANCE ACT.—Sec-
 8 tion 18(g) of the Federal Deposit Insurance Act (12
 9 U.S.C. 1828(g)) is amended to read as follows:
 10 “(g) [Repealed]”.

11 (b) EFFECTIVE DATE.—The amendments made by
 12 subsection (a) shall take effect at the end of the 2-year
 13 period beginning on the date of the enactment of this Act.

14 **SEC. 4. RULES OF CONSTRUCTION.**

15 In the case of an escrow account maintained at a de-
 16 pository institution for the purpose of completing the set-
 17 tlement of a real estate transaction—

18 (1) the absorption, by the depository institution,
 19 of expenses incidental to providing a normal banking
 20 service with respect to such escrow account;

21 (2) the forbearance, by the depository institu-
 22 tion, from charging a fee for providing any such
 23 banking function; and

24 (3) any benefit which may accrue to the holder
 25 or the beneficiary of such escrow account as a result

1 of an action of the depository institution described
2 in subparagraph (1) or (2) or similar in nature to
3 such action, including any benefits which have been
4 so determined by the appropriate Federal regulator,
5 shall not be treated as the payment or receipt of interest
6 for purposes of this Act and any provision of Public Law
7 93-100, the Federal Reserve Act, the Home Owners' Loan
8 Act, or the Federal Deposit Insurance Act relating to the
9 payment of interest on accounts or deposits at depository
10 institutions. No provision of this Act shall be construed
11 so as to require a depository institution that maintains
12 an escrow account in connection with a real estate trans-
13 action to pay interest on such escrow account or to pro-
14 hibit such institution from paying interest on such escrow
15 account. No provision of this Act shall be construed as
16 preempting the provisions of law of any State dealing with
17 the payment of interest on escrow accounts maintained in
18 connection with real estate transactions.

19 **SEC. 5. CONSUMER BANKING COSTS ASSESSMENT.**

20 (a) IN GENERAL.—The Federal Reserve Act (12
21 U.S.C. 221 et seq.) is amended—

22 (1) by redesignating sections 30 and 31 as sec-
23 tions 31 and 32, respectively; and

24 (2) by inserting after section 29 the following
25 new section:

1 **“SEC. 30. SURVEY OF BANK FEES AND SERVICES.**

2 “(a) BIENNIAL SURVEY REQUIRED.—The Board of
3 Governors of the Federal Reserve System shall obtain bi-
4 ennially a sample, which is representative by type and size
5 of the institution (including small institutions) and geo-
6 graphic location, of the following retail banking services
7 and products provided by insured depository institutions
8 and insured credit unions (along with related fees and
9 minimum balances):

10 “(1) Checking and other transaction accounts.

11 “(2) Negotiable order of withdrawal and sav-
12 ings accounts.

13 “(3) Automated teller machine transactions.

14 “(4) Other electronic transactions.

15 “(b) MINIMUM SURVEY REQUIREMENT.—The bien-
16 nial survey described in subsection (a) shall meet the fol-
17 lowing minimum requirements:

18 “(1) CHECKING AND OTHER TRANSACTION AC-
19 COUNTS.—Data on checking and transaction ac-
20 counts shall include, at a minimum, the following:

21 “(A) Monthly and annual fees and min-
22 imum balances to avoid such fees.

23 “(B) Minimum opening balances.

24 “(C) Check processing fees.

25 “(D) Check printing fees.

26 “(E) Balance inquiry fees.

1 “(F) Fees imposed for using a teller or
2 other institution employee.

3 “(G) Stop payment order fees.

4 “(H) Nonsufficient fund fees.

5 “(I) Overdraft fees.

6 “(J) Fees imposed in connection with
7 bounced-check protection and overdraft protec-
8 tion programs.

9 “(K) Deposit items returned fees.

10 “(L) Availability of no-cost or low-cost ac-
11 counts for consumers who maintain low bal-
12 ances.

13 “(2) NEGOTIABLE ORDER OF WITHDRAWAL AC-
14 COUNTS AND SAVINGS ACCOUNTS.—Data on nego-
15 tiable order of withdrawal accounts and savings ac-
16 counts shall include, at a minimum, the following:

17 “(A) Monthly and annual fees and min-
18 imum balances to avoid such fees.

19 “(B) Minimum opening balances.

20 “(C) Rate at which interest is paid to con-
21 sumers.

22 “(D) Check processing fees for negotiable
23 order of withdrawal accounts.

24 “(E) Fees imposed for using a teller or
25 other institution employee.

1 “(F) Availability of no-cost or low-cost ac-
2 counts for consumers who maintain low bal-
3 ances.

4 “(3) AUTOMATED TELLER TRANSACTIONS.—
5 Data on automated teller machine transactions shall
6 include, at a minimum, the following:

7 “(A) Monthly and annual fees.

8 “(B) Card fees.

9 “(C) Fees charged to customers for with-
10 drawals, deposits, and balance inquiries through
11 institution-owned machines.

12 “(D) Fees charged to customers for with-
13 drawals, deposits, and balance inquiries through
14 machines owned by others.

15 “(E) Fees charged to noncustomers for
16 withdrawals, deposits, and balance inquiries
17 through institution-owned machines.

18 “(F) Point-of-sale transaction fees.

19 “(4) OTHER ELECTRONIC TRANSACTIONS.—
20 Data on other electronic transactions shall include,
21 at a minimum, the following:

22 “(A) Wire transfer fees.

23 “(B) Fees related to payments made over
24 the Internet or through other electronic means.

1 “(5) OTHER FEES AND CHARGES.—Data on
2 any other fees and charges that the Board of Gov-
3 ernors of the Federal Reserve System determines to
4 be appropriate to meet the purposes of this section.

5 “(6) FEDERAL RESERVE BOARD AUTHORITY.—
6 The Board of Governors of the Federal Reserve Sys-
7 tem may cease the collection of information with re-
8 gard to any particular fee or charge specified in this
9 subsection if the Board makes a determination that,
10 on the basis of changing practices in the financial
11 services industry, the collection of such information
12 is no longer necessary to accomplish the purposes of
13 this section.

14 “(c) BIENNIAL REPORT TO CONGRESS REQUIRED.—

15 “(1) PREPARATION.—The Board of Governors
16 of the Federal Reserve System shall prepare a report
17 of the results of each survey conducted pursuant to
18 subsections (a) and (b) of this section and section
19 136(b)(1) of the Consumer Credit Protection Act.

20 “(2) CONTENTS OF THE REPORT.—In addition
21 to the data required to be collected pursuant to sub-
22 sections (a) and (b), each report prepared pursuant
23 to paragraph (1) shall include a description of any
24 discernible trend, in the Nation as a whole, in a rep-
25 resentative sample of the 50 States (selected with

1 due regard for regional differences), and in each
2 consolidated metropolitan statistical area (as defined
3 by the Director of the Office of Management and
4 Budget), in the cost and availability of the retail
5 banking services, including those described in sub-
6 sections (a) and (b) (including related fees and min-
7 imum balances), that delineates differences between
8 institutions on the basis of the type of institution
9 and the size of the institution, between large and
10 small institutions of the same type, and any engage-
11 ment of the institution in multistate activity.

12 “(3) SUBMISSION TO THE CONGRESS.—The
13 Board of Governors of the Federal Reserve System
14 shall submit an biennial report to the Congress not
15 later than June 1, 2009, and before the end of each
16 2-year period beginning after such date.

17 “(d) DEFINITIONS.—For purposes of this section, the
18 term ‘insured depository institution’ has the meaning
19 given such term in section 3 of the Federal Deposit Insur-
20 ance Act, and the term ‘insured credit union’ has the
21 meaning given such term in section 101 of the Federal
22 Credit Union Act.”.

23 (b) CONFORMING AMENDMENT.—

1 (1) IN GENERAL.—Paragraph (1) of section
2 136(b) of the Truth in Lending Act (15 U.S.C.
3 1646(b)(1)) is amended to read as follows:

4 “(1) COLLECTION REQUIRED.—The Board shall
5 collect, on a semiannual basis, from a broad sample
6 of financial institutions which offer credit card serv-
7 ices, credit card price and availability information
8 including—

9 “(A) the information required to be dis-
10 closed under section 127(c);

11 “(B) the average total amount of finance
12 charges paid by consumers; and

13 “(C) the following credit card rates and
14 fees:

15 “(i) Application fees.

16 “(ii) Annual percentage rates for cash
17 advances and balance transfers.

18 “(iii) Maximum annual percentage
19 rate that may be charged when an account
20 is in default.

21 “(iv) Fees for the use of convenience
22 checks.

23 “(v) Fees for balance transfers.

24 “(vi) Fees for foreign currency con-
25 versions.”.

1 (2) EFFECTIVE DATE.—The amendment made
2 by paragraph (1) shall take effect on January 1,
3 2008.

4 (c) REPEAL OF OTHER REPORT PROVISIONS.—Sec-
5 tion 1002 of Financial Institutions Reform, Recovery, and
6 Enforcement Act of 1989 and section 108 of the Riegle-
7 Neal Interstate Banking and Branching Efficiency Act of
8 1994 are hereby repealed.

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